

Message Text

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DEPT PLEASE PASS EXIMBANK

E.O. 11652: N/A

TAGS: EGEN, BEXP, PL

SUBJECT: STALOWA WOLA FOUNDRY AND FORGE

REF: STATE 141264 (NOTAL)

1. WOLOSZYN INFORMED FOR BOTH THE FOUNDRY AND THE FORGE AT STALOWA WOLA AND THAT THESE CONTRACTS COULD BE LET JOINTLY OR SEPARATELY, DEPENDING ON HOW NEGOTIATIONS GO WITH THE VARIOUS COMPETITORS. THE EMBASSY BELIEVES POLISH AUTHORITIES WOULD LIKE TO AWARD BOTH CONTRACTS TO THE SAME FIRM SINCE THEY SHOULD BE ABLE TO GET A LOWER TOTAL PRICE THAT WAY. AT ONE STAGE IT APPEARED THAT A BUREAUCRATIC HASSLE WITHIN THE POLISH GOVERNMENT WOULD CAUSE THE TWO CONTACTS TO BE HANDLED ENTIRELY SEPARATELY, BUT NOW IT SEEMS CERTAIN THAT A JOIN COMMISSION WILL HANDLE BOTH CONTRACTS.

2. ACCORDING TO WOLOSZYN, BRITISH AND JAPANESE FINANCING OFFERS HAVE BEEN PROVIDED FOR BOTH THE FOUNDRY AND THE FORGE PROJECTS, ALTHOUGH FROM THE WAY HE TALKED IT APPEARED THAT THUS FAR BANK HANDLOWY HAS NOT HAD VERY PRECISE FINANCIAL DISCUSSIONS WITH THE BRITISH AND JAPANESE LEADING AGENCIES. WOLOSZYN SAID IT WAS NOT NECESSARY TO DEAL WITH

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THE JAPANESE AND BRITISH IN THE SAME WAY AS WITH THE U.S.

BECAUSE OF THE LONG-TERM FINANCIAL AGREEMENTS WHICH SET THE PARAMETERS FOR FINANCING EXPORTS TO POLAND FROM JAPAN AND BRITAIN. HE INSISTED THAT, BECAUSE OF THEIR AGREEMENT WITH ECGD, HANDLOWY WAS ASSURED OF TERMS NO WORSE THAN SEVEN PERCENT AND EIGHT YEARS, COVERING 85 PERCENT OF THE PROJECT, WITH 15 PERCENT AVAILABLE TO COVER THIRD-COUNTRY COSTS. WOLOSZYN SAID THAT AN AGREEMENT WITH 12 JAPANESE TRADING COMPANIES ASSURED HANDLOWY OF TERMS NO WORSE THAN SIX PERCENT AND EIGHT YEARS, COVERING 80 PERCENT OF A PROJECT. HE SAID THAT, UNDER THE JAPANESE SYSTEM, THE TRADING COPANIES WERE GIVEN THE FINANCIAL BACKING FROM THEIR EXPORT-IMPORT BANK WHICH THEY THEN EXTENDED TO FOREIGN CUSTOMERS.

3. EMBOFF NOTED THAT TO BE ABLE TO PROVIDE BETTER TERMS THAN THOSE ALREADY OFFERED, THE US EXIMBANK MIGHT HAVE TO HAVE MORE SPECIFIC INFORMATION THAN THAT WOLOSZYN HAD GIVEN ABOUT COMPETING FINANCING. EMBOFF ADDED THAT THE POLES HAVE BEEN KNOWN TO THREATN PREFERRED SUPPLIERS WITH COMPETING OFFERS THEY HAVE NO INTENTION OF ACCEPTING. WOLOSZYN OFFERED NO MORE SPECIFIC INFORMATION ON THE JAPANESE AND BRITISH OFFERS, BUT SAID GOOD-HUMOREDLY THAT PROBABLY THE ONLY WAY THE U.S. COJLD FIND OUT WHETER OR NOT THE POLISH SIDE WAS BLUFFING ABOUT THE COMPETING OFFERS WOULD BE TO LOSE THE STALOWA WOLA CONTRACTS.

4. EXIMBANK AND WASHINGTON AGENCIES MAY BE ABLE TO GET MORE SPECIFIC INFORMATION ON BRITISH AND JAPANESE OFFERS FROM MINISTER WRZASZCZYK AND HIS PARTY WHO WILL BE VISITING WASHINGTON JUNE 24. THUS FAR IN DISCUSSIONS WITH EMBOFFS, MINISTRY PERSONNEL HAVE JOT BEEN WILLING TO REVEAL MUCH OF THE SPECIFICS OF COMPETING OFFERS, BUT HAVE MERELY SAID THAT US FINANCING WAS NOT COMPETITIVE.

DAVIES

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